

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Special Services Fees and Classifications) Docket No. MC96-3

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS SUSAN W. NEEDHAM
(OCA/USPS-T8-44-53)
(August 9, 1996)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA Interrogatories 1-4 to the United States Postal Service dated June 19, 1996, are hereby incorporated by reference.

Respectfully submitted,

Gail Willette

GAIL WILLETTE

Director

Office of the Consumer Advocate

Emmett Land Costello for
SHELLEY DREIFUSS
Attorney



OCA/USPS-T8-44. Please provide a copy of the Methods Handbook which you refer to in answer to OCA/USPS-T8-23 as a Library Reference.

OCA/USPS-T8-45. Please refer to your answer to OCA/USPS-T8-26. The "ninety-eight percent of regular return receipt customers" was a reference to non-merchandise return receipts. There you state:

Notwithstanding, that customers presently do not make relatively high use of this option [receiving the delivery address] does not imply that they will not receive better service, or services they do not need or want. The return receipt proposal would provide address confirmation to all return receipt customers and represents a value-added enhancement to the basic service. In any event, if given the option between a pure fee increase or a fee increase with a value-added service enhancement, I am confident that customers would choose the latter.

- a) It is not clear how one receives a service enhancement in this case: a customer at present can obtain an address on the return receipt for an additional fee of \$.40 but overwhelmingly chooses not to. Now the Postal Service proposes to provide the information, which the customer has chosen not to receive, and charge him the additional \$.40. Please try again to explain how this constitutes better service and not primarily a fee increase.

- b) Hasn't the customer already essentially voted against the "value-added service enhancement" by not purchasing it?
Please explain.
- c) Please explain why a customer who is purchasing a "premium product," such as return receipt service, should be compelled to purchase an added service such as address correction.

OCA/USPS-T8-46. Could a "premium product" be defined as a product offered for a fee that provides ancillary benefits to a mailer when his piece of mail is entered into the mailstream in any of the First, Periodical or Standard classes? If not, please provide your definition of a "premium product."

OCA/USPS-T8-47. Please refer to your response to OCA/USPS-T8-17. Please explain how you determined that providing the "address if different" is a sufficient enhancement to the service to justify the increase in fees that you propose.

OCA/USPS-T8-48. Please refer to your answer to OCA/USPS-T8-28. You answer in the affirmative. However, the citations given in your response do not make specific reference to the selling,

shipping and manufacturing costs of postal cards. Please provide citations specific to these costs.

OCA/USPS-T8-49. The following interrogatories relate to the analysis of the pricing criteria in your testimony at pages 108-113.

- a) USPS-T-5C at page 10 (Base Year Cost and Revenue Analysis) shows the per-piece revenue for postal cards as \$0.197 and the per-piece cost as \$0.075. Please confirm that these produce an implicit cost coverage of 263% for postal cards ($19.7/7.5$). If you are unable to confirm, please explain why.
- b) Please confirm that the GPO manufacturing costs for postal cards shown at page 106 of your testimony (specifically \$4,352,568 for FY 1995) are a subset of the total attributable costs for postal cards shown at Exhibit USPS-T-5C at page 1. If you are unable to confirm, please explain why.
- c) Please confirm that the FY 1995 implicit cost coverage for postal cards without the proposed 2-cent stamped card fee would be 309 percent ($19.7/(7.5-1.175)$). If you are unable to confirm please explain.

- d) Were you aware of the facts contained in a-c above when you proposed the new special service of stamped cards and its attendant 2-cent fee? If so, please explain how it was taken into account when you considered the pricing criteria of the Act.
- e) If you were not previously aware of the above, please explain how you would now take it into account in formulating a proposal for a fee for stamped cards.
- f) If you were not previously aware of the above and your proposal for stamped cards would remain the same as in the Request, please explain how you would change your testimony regarding the pricing criteria and provide errata.

OCA/USPS-T8-50. Would your proposal for a new special service, stamped cards, eliminate the rate category Postal Cards from the Postal and Post Cards Subclass? Please explain why or why not.

OCA/USPS-T8-51. You state at page 110 of your testimony that postal cards currently are not directly bearing their manufacturing costs. Please confirm that the rate postal cards pay does cover their attributable manufacturing costs. If you are unable to confirm, please explain why.

OCA/USPS-T8-52. What percent of postal cards is presorted?

OCA/USPS-T8-53. In answer to interrogatory OCS/USPS-T5-11 witness Patelunas states: "A remedy to the misidentification problem is proposed in this case: simply treat cards as cards without the postal-private distinction."

- a) Is this what you are proposing? Please explain.
- b) If you are not proposing to eliminate all distinctions between postal and private cards, please indicate which Postal Service witness does and provide an appropriate citation.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 3.B(3) of the special rules of practice.

Emmett Rand Goshen for
SHELLEY DREIFUSS
Attorney

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August 9, 1996